

REPORT ON APPLYING  
AGREED-UPON PROCEDURES  
RE: FY 2005 FUND BALANCE WITH TREASURY  
REPORT NUMBER A050192/S/F/S05004  
SEPTEMBER 14, 2005

**General Services Administration  
Office of Inspector General  
Washington, DC 20405**

To PricewaterhouseCoopers LLP:

We have performed the procedures enumerated below, which were agreed to by PricewaterhouseCoopers LLP (PwC) and the General Services Administration's (GSA) Office of Inspector General (OIG), solely to assist you in your review of the Fund Balance with Treasury as a part of your Audit of GSA's Fiscal Year (FY) 2005 Financial Statements. This engagement to apply agreed-upon procedures was performed in accordance with generally accepted government auditing standards and additional standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purposes.

1. Before commencing, review the following documents:

- Treasury Financial Manual, Volume I, Part 2 Chapter 5100 – Reconciling Fund Balance with Treasury Accounts.
- Current Office of Management and Budget (OMB) Bulletin, Form and Content of Agency Financial Statements.
- Statement of Federal Financial Accounting Standards (SFFAS No. 1).
- Agency accounting policies and procedures for Fund Balance with Treasury Accounts.

Before commencing the audit, we reviewed Chapter 5100 of the Treasury Financial Manual, the OMB Bulletin No. 01-09 - Form and Content of Agency Financial Statements, SFFAS No. 1 – Accounting for Selected Assets and Liabilities, and agency accounting policies and procedures for Fund Balance with Treasury Accounts. The above guidance allowed us to obtain an understanding of the policies and procedures that must be performed to process Fund Balance with Treasury accounts, how to calculate fund balances, and the necessity for these accounts.

2. Obtain the following documentation, as applicable:

- Appropriation legislation and the United States (U.S.) Treasury Appropriation Warrants (Financial Management Service (FMS) Form 6200) for the current fiscal year.
- Update/confirm that the following chart includes all agency location codes (ALC) used by GSA:

ALC	Fund	Location
47000000*	FSS (smaller funds)	Central Office
47000001	IT, FBF	Central Office
47000017	Fort Worth	Region 7
47000016	Kansas City	Region 6

\* Does not pertain to the SF 224

We obtained Title IV of the Consolidated Appropriations Act, 2005 (P. L. 108-447) and GSA's U.S. Treasury Appropriation Warrants for FY 2005 that were associated with this public law from accounting personnel within the Central Office Public Buildings Service (PBS) and Federal Technology Service (FTS) Accounting Branch. Warrants were obtained for the following Treasury accounts: 4750401, 4750110, 4750108, 47X0600, 4750105 and 47X4549.001. In addition, we confirmed the active ALCs used by the agency. The only ALC that is not being used is for the FSS Fund (ALC 470000000). All other ALCs are current and are utilized by Central Office and the Heartland and Greater Southwest Finance Centers.

3. Agree appropriated funding amounts in the general ledger to the Public Law authorizing agency's appropriations for current fiscal year and to Treasury Appropriation Warrants (FMS Form 6200), noting proper approval. Also, test the controls against unauthorized access to systems by obtaining a list of personnel who have authorization to record appropriations and selecting a sample of five individuals that are not on the list of authorized personnel and observe as they try to record appropriations.

Appropriated funding amounts in the general ledger were agreed to Public Law 108-447, which authorized the Agency's appropriation for Fiscal Year 2005. Also, we found that Appropriation Warrants were approved and the funding amounts on the warrants were reflected in the general ledger. Since none of the warrants we received were for the Treasury accounts that would be tested in this review, we verified if the Agency was appropriately carrying forward last year's appropriations to the current fiscal year by ensuring that the Fiscal Year 2004 appropriated ending balance for a Treasury account (47X4548) was carried forward to Fiscal Year 2005. We discovered that the appropriated funding amount for the tested Treasury account was carried forward to Fiscal Year 2005.

Finally, we obtained from the FTS and PBS Accounting Branch, a listing of individuals having authority to record appropriations. We successfully verified that the five individuals, who were not on the listing, could not record appropriations into the accounting system.

4. Determine the adequacy of the controls over collection, disbursement, and adjustment amounts reported in the monthly SF 224s to Treasury by Agency location codes (ALC) by selecting a sample of monthly Statements of Transactions (SF 224) and perform the following procedures:

- Trace monthly collection and disbursement amounts reported on the SF 224 to amounts recorded in the general ledger.

	<u>KCFC</u>	<u>FWFC</u>
ALC	47000016	47000017
Treasury Symbol	47X4530	47X4542, 47X4548
Fund	255X, 455X, 295X, 296X	192X, 192M, 299X

- Trace any prior period adjustment amounts reported on these statements to supporting documentation and verify the validity of the adjustment.
- Trace any Budget Clearing Account (account symbols with an "F") adjustment amounts reported on these statements to supporting documentation and verify the validity of the adjustment.
- Compare the ALC on the SF 224 to the agency's list of ALCs.

We determined that there are adequate controls over the collection, disbursement, and adjustment amounts reported monthly to Treasury by Agency ALCs. For the Fiscal Year 2005 funds tested, we were able to successfully trace the monthly collection and disbursement amounts reported on the October, December, and March SF 224s for the Heartland and the Greater Southwest Finance Centers to the Pegasys Trial Balance. Also, for any account adjustments that had to be made, we received supporting documentation for the adjustment, verified there was justification for the adjustment, and ensured the adjustment was reflected in the general ledger. For example, for Fund 206X, we discovered a \$50.5 million difference between the total cash amounts reported on the SF 224 and in Pegasys for the months tested; however, a rationale existed on why the cash differences occurred. The necessary support was provided, and the adjustments were properly reflected in the general ledger. In addition, we were able to successfully confirm that the ALCs reported on the Central Office, and the Heartland and the Greater Southwest Finance Centers SF 224s agreed with the agency ALC listing received from Central Office.

We did not test the adequacy of the controls over collection, disbursement, and adjustment amounts reported in the monthly SF 224s to Treasury for Central Office because there was no cash activity for the months tested.

5. Gain an understanding of the control environment surrounding cash reconciliations at Central Office by performing a walkthrough. Also, obtain the monthly reconciliations of the Undisbursed Appropriation Account Ledger (FMS Form 6653), Undisbursed Appropriation Accounts Trial Balance (FMS Form 6654), and the Receipt Account Trial Balance (FMS Form 6655) for selected appropriation, fund, receipt and budget clearing accounts. For a sample of reconciliations, perform the following:

- Agree the general ledger balance per the reconciliation to the general ledger.
- Agree the Treasury balance (and activity) per the reconciliation to the appropriate FMS Form.
- Verify the mathematical accuracy of the reconciliation schedule.
- Judgmentally select a sample of reconciling differences and examine supporting documentation to determine that each item was adequately researched, explained and resolved.
- Trace adjustments to the subsequent month's general ledger and Treasury reports.
- Review unreconciled differences.
- Note timely completion and supervisory review of reconciliations.

To gain an understanding of the control environment surrounding cash reconciliations, discussions were conducted with personnel within the FTS and PBS Accounting Branch and the FY 2004 Fund Balance with Treasury Walkthrough was obtained. After gaining an understanding of the control environment for reconciliations and obtaining the appropriate monthly reconciliations for the months tested, we able to successfully determine the following:

- The general ledger balance on the Nationwide Fund Reconciliation Schedule agreed with the Agency trial balance.
- The Treasury balance on the Nationwide Fund Reconciliation Schedule agreed with the balance recorded on the Undisbursed Appropriation Account Ledger (FMS Form 6653).

- The Nationwide Reconciliation Schedule was mathematically accurate.
  - Using a sample of reconciled differences, we were able to determine that the Agency adequately researched, explained, and resolved differences uncovered. For example, in October 2004, a negative \$165 million cash difference for Fund 192X was discovered between Treasury records and the Agency trial balance. This difference was due to an erroneous posting and the appropriate adjusting accounting entry was made in November.
  - Traced reconciled adjustments to the November general ledger and FMS Form 6653.
  - Action was taken on unreconciled differences (if necessary).
  - The monthly reconciliations for the months of October, December, and March of FY 2005 were approved.
6. Determine that the agency is properly reconciling its Fund Balance with Treasury Accounts by performing targeted testing on the monthly Statements of Differences (FMS Form 6652). Obtain the documentation supporting the reconciliations for each selected item and perform the following procedures:
- Review the supporting documentation to determine if differences were adequately researched and resolved (i.e. underlying causes at the transaction level were determined).
  - For adjustments resulting from monthly reconciliations, if any, (a) trace the total amount of adjustment to the SF 224 for the subsequent months to verify that the adjustments were properly reported, and (b) trace adjustments to the general ledger accounts to verify that the adjustments were properly recorded.
  - Compare the ALC number on the Form 6652 to the Agency list of ALCs.

Our testing of the Statement of Differences (FMS Form 6652) for the months of October, December, and March of Fiscal Year 2005, revealed that the Heartland and Greater Southwest Finance Centers were reconciling cash differences reported by Treasury. For a select number of cash differences, we were provided with the appropriate support (cash reconciliation schedules) that showed the finance centers were reconciling reported differences. Also, differences reported in the months tested were resolved in subsequent months and adjustments were reflected in general ledger (Pegasys Trial Balance). In addition, we were able to successfully confirm that the ALCs recorded on the Heartland and Greater Southwest Finance Centers Statement of Difference agreed with the Agency ALC listing received from Central Office.

7. Determine whether the Agency is adequately tracking and monitoring unreconciled differences reported by Treasury by performing the following procedures:
  - Inquire whether the Agency has a process/system for maintaining detailed records of unreconciled Statements of Differences (FMS Form 6652) amounts and monitoring subsequent resolution of these differences.
  - Inquire whether the Agency has a process/system for evaluating the age of unreconciled items, determine the average time it takes to clear items, and review a current aging of items in the Budget Clearing Accounts.
  - Assess the adequacy of the above processes/systems in place.

In the Heartland and Greater Southwest Finance Centers, there is a process in place to adequately track and monitor unreconciled differences reported by Treasury. In meetings conducted with accounting personnel, we found that on a monthly basis FMS Forms 6652 are obtained to determine reported cash differences reported by Treasury and Agency accounting reports are examined to determine the type of cash differences (IPAC and Non-IPAC disbursements, cash collections or interfund transfers). Once the cash differences are appropriately categorized and documented, these differences are forwarded to the appropriate office for resolution. Accounting officials receive copies of the reported differences in order to ensure unreconciled differences are reconciled in accordance with Treasury guidelines and in a timely manner.

8. Test surplus funds from prior years by performing the following:
  - Obtain/Update understanding of Surplus Funds Returned to Treasury.
  - Ensure that surplus funds have been returned to Treasury in compliance with public law.
  - Recalculate the liability for surplus funds.

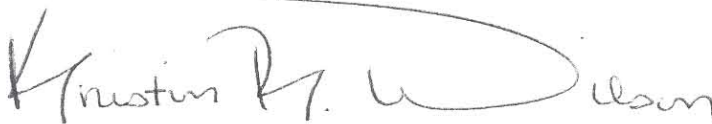
We obtained a memorandum that described the policy for the treatment of surplus funds held in the General Supply and Information Technology Funds. The memo gave a definition of surplus funds, the public law pertaining to the treatment of these funds (P. L. 107-217), and the accounting for the funds on September 30.

For this particular audit step, we were only required to obtain an understanding of Surplus Funds Returned to Treasury. PwC did not require us to ensure surplus funds have been returned to Treasury in compliance with public law and recalculate the liability for surplus funds. This audit work will be performed by PricewaterhouseCoopers during year-end testing.

9. Obtain the suspense account transaction detail report as of 3/31/05, identify unreconciled differences outstanding at 3/31/05 that were subsequently resolved, and determine if the appropriate adjustments were made to the Agency Fund Balance with Treasury accounts or that Treasury had been notified of needed corrections.

We obtained the March and July Suspense Account Transaction Detailed Reports. We were able to identify unreconciled differences that were outstanding and subsequently resolved, and verified that the appropriate Fund Balance with Treasury accounts were adjusted. Specifically, we discovered that out of \$110.6 million in outstanding unreconciled differences for the month of March, approximately \$95.8 million of these differences were resolved by July. The Agency still has to reconcile \$14.8 million. Also, from our testing of the Heartland and Greater Southwest Finance Centers unreconciled differences for the 2400 Suspense Accounts, we determined that the appropriate adjustments were made to resolve outstanding differences and a sound rationale existed on why outstanding differences more than a year old remained unreconciled.

This report is intended solely for the information and use of PricewaterhouseCoopers LLP and the General Services Administration's Office of Inspector General and is not intended to be and should not be used by anyone other than these specific parties.

A handwritten signature in dark ink, appearing to read "Kristin R. Wilson". The signature is fluid and cursive, with a large loop at the end.

Kristin R. Wilson  
Deputy Assistant Inspector General for  
Finance and Administrative Audit Office

September 14, 2005



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